

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

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| In the Matter of |) | |
| |) | |
| Petition of SBC Communications Inc. |) | |
| for Forbearance of Structural Separation |) | WC Docket No.02-156 |
| Requirements and Request For Immediate |) | |
| Interim Relief in Relation to the Provision of |) | |
| Nonlocal Directory Assistance Services |) | |

**REPLY COMMENTS OF SBC COMMUNICATIONS
INC**

SBC Communications Inc. (“SBC”), on behalf of Nevada Bell, submits these comments in response to oppositions to Nevada Bell’s Petition for Forbearance from Section 272 of the Communications Act of 1934, as amended, (“the Act”) in connection with Nevada Bell’s provision of nonlocal directory assistance (“NDA”) services. AT&T and WorldCom oppose Nevada Bell’s petition arguing that in other SBC states, SBC charges unaffiliated DA providers “above cost” or market-based rates for directory assistance listings (“DAL”) which SBC does not impute to itself.¹

The Commission should reject these arguments and grant Nevada Bell the requested relief. First, Nevada Bell will impute to itself the DAL rates assessed to unaffiliated third party DA providers. Upon approval of its Forbearance Petition, Nevada Bell will invoke accounting procedures to effect the Commission’s imputation requirements. Journal entries which reflect SBC’s market-based rates for DAL assessed on unaffiliated DA providers will be recorded to show DAL costs in accordance with Section 32.5280 of the Commission’s rules.² The summary

¹ In addition, WorldCom argues that the sunset provisions of section 272(f) do not apply. While SBC disagrees, SBC has made the requisite showing for forbearance relief; accordingly, the Commission need not address this issue here.

² 47 C.F.R. §32.5280.

of these journal entries is one of many inputs included in the ARMIS report that is filed annually with the FCC. Therefore, SBC will comply fully with the nondiscrimination requirement in Nevada by imputing to itself the rate it charges competitors.

Second, AT&T and WorldCom are flatly wrong that SBC is engaging in discriminatory pricing behavior in other states. In granting SBC the relief requested herein for the other SBC regions, the Commission required SBC to make its DAL available to third-party DA providers at the same rates, terms and conditions SBC imputes to itself.³ SBC imputes to itself the market-based rates for DAL that it offers in the applicable SBC DAL agreements or tariffs and neither AT&T nor WorldCom have provided any evidence to the contrary. Importantly, in the *Forbearance Order*, the Commission did not prohibit any LEC from charging market-based rates, so long as the rates are likewise assessed upon the LEC.⁵ In fact, the Commission rejected arguments that DAL rates must be cost-based, concluding that its “accounting safeguards . . . should ensure that the rates the Petitioners impute to themselves, and therefore charge to unaffiliated entities, will not adversely affect competition in the nonlocal services market.”⁶ Thus, to the extent SBC charges market-based rates for DAL in any state and imputes those rates to itself, its practice is consistent with the Commission’s rules.

AT&T and WorldCom focus heavily on SBC’s rates for DAL in California and Texas as justification for denying the relief requested herein. AT&T and WorldCom assume that where state commissions order that DAL be offered as a UNE, that SBC must impute TELRIC pricing.

³ See, *Petition of SBC Communications Inc. for Forbearance of Structural Separation Requirements and Request for Immediate Interim Relief in Relation to the Provision of Nonlocal Directory Assistance Services*, CC Docket No. 97-172, *Memorandum Opinion and Order*, 15 FCC Rcd 6053 at ¶15 (2000) (*Forbearance Order*).

⁴ *Id.*

⁵ *Id.*; See also Provision of Directory Listing Information under the Telecommunications Act of 1934, As Amended, CC Docket No. 99-273, *First Report and Order*, 16 FCC Rcd 2736 at ¶38 (2001).

⁶ *Forbearance Order*, ¶20.

However, many states within SBC's territory follow the Commission's determination that DAL is not a UNE. In these states SBC charges unaffiliated DA providers, and imputes to itself, the market-based rates for DAL that are set forth in the governing DAL agreements or tariffs.

In Texas, the PUC has classified DAL as a UNE and requires Southwestern Bell Telephone to charge CLECs TELRIC pricing for DAL (\$.0011 for initial listing and \$.0014 for update). While Southwestern Bell complies with this mandate, Southwestern Bell imputes to itself the appropriate market-based rate of \$.0585, as set forth in its 271-compliant generic interconnection agreement approved by the Texas PUC and this Commission. In California, Pacific Bell's rates for DAL are the subject of an ongoing proceeding before the California PUC.⁷ The CPUC has yet to set the permanent rates for DAL. Accordingly, Pacific Bell currently charges unaffiliated DA providers the rates set forth in its state-approved tariff or interconnection agreement.

For the foregoing reasons, the Commission should reject AT&T and WorldCom's claims and forbear from Section 272 of the Act so that Nevada Bell can provide NDA Services under the terms and conditions set forth in its Petition.

⁷ See Order Instituting Rulemaking on the Commission's Own Motion into Competition for Local Exchange Service, Rulemaking 95-04-043 (2002).

Respectfully submitted,

SBC Communications Inc.

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July 22, 2002

CERTIFICATE OF SERVICE

I, Loretia Hill, do hereby certify that on this 22nd day of July, a copy of the foregoing “Reply Comments ” was served by U.S. first class mail, postage paid to the parties below.

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